



FmHA AN No. 2870 (1941-A)  
September 24, 1993

SUBJECT: Use of Farmer Programs Loan Funds for the Purchase and/or Production of Exotic Birds; Direct and Guaranteed Loans made for Farm Ownership (FO), Operating (OL), Soil and Water (SW) and Emergency Loan (EM) Purposes

TO: State Directors, District Directors  
and County Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to clarify Farmers Home Administration's (FmHA's) policy on exotic birds and how it relates to FmHA's definition of non-farm enterprises. In addition, this AN will provide a definition of exotic birds as developed by FmHA as well as guidance to the State and County Offices regarding the use of Farmer Programs loan funds and guarantees for non-farm enterprise purposes.

COMPARISON WITH PREVIOUS AN:

No other AN has been issued on this subject.

DEFINITIONS:

**Non-farm Enterprise.** Any non-farm business enterprise, including recreation, which is closely associated with the farm operations and located on or adjacent to the farm and provides income to supplement farm income. The business must provide goods or services for which there is a need and a reasonable reliable market. This may include but is not limited to such enterprises as raising earthworms, exotic birds, tropical fish, dogs and horses for nonfarm purposes, welding shops, roadside stands, boarding horses, and riding stables.

**Exotic Birds.** Any species of bird that is not native to the United States or was originally introduced to the United States from a foreign country. This includes but is not limited to tropical birds such as canaries, parakeets, macaws, etc., and those birds included in the ratite family such as ostrich, emu, rhea, kiwi, and cassowary.

EXPIRATION: July 31, 1994

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1941-A



IMPLEMENTATION RESPONSIBILITIES:

The number of inquiries from the public regarding FmHA loan programs and requests for loans and guarantees for ostrich, emu, rhea, kiwi and cassowary purchase and production has increased significantly. In order to ensure consistent and accurate responses, all FmHA personnel must thoroughly review and familiarize themselves with the instructions for loans which are made for non-farm enterprise purposes and the provisions of this AN.

The definition of non-farm enterprise as set forth in FmHA loan making instructions prohibits FmHA from making or guaranteeing loans for the purpose of establishing or operating a business, for example, that is/will be **primarily** or **solely** engaged in the purchase and/or production of exotic birds.

FmHA instructions do, however, allow FmHA to make or guarantee loans for individuals, partnerships, cooperatives and corporations for non-farm enterprise purposes, including the purchase/production of exotic birds, if the following conditions are met:

1. The applicant is **primarily** engaged in the production and sale of agricultural commodities (the generally accepted definition being those which are recognized by the general population as standard farm commodities, such as corn, wheat, beans, cattle, hogs, fruits, vegetables, etc.) which are produced in sufficient quantities so that the farm is recognized in the community as a family-sized farm, rather than a rural residence.
2. The income being produced from the production and/or sale of exotic birds will **supplement** the farm income.
3. The applicant must clearly demonstrate that they will be producing goods or products for which there is a **need** and a **reasonable** and **reliable** market. The production of ostrich, emu, rhea, kiwi, cassowary, etc., is based on the sale of meat, feathers, oil, and/or other animal by-products. Such animal by-products must also have a reasonable and reliable market. **Non-farm enterprise loans cannot be made to operations whose sole purpose is the breeding of exotic birds and the sale of eggs or breeder stock.**
4. For operations involving the production of canaries, parakeets, macaws, etc., the applicant must show there is a reasonable and reliable market for their sale as household pets.

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5. The applicant meets all loan eligibility requirements, with emphasis on whether the applicant has sufficient applicable education and/or on the job training or farming experience in managing and operating a farm operation, which would indicate reasonable prospects of success in the production of exotic birds.
6. The proposed enterprise is closely associated with the farm operation and is located on or adjacent to the farm.

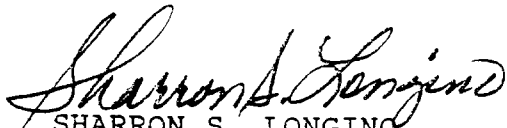
SUMMARY:

FmHA regulations prohibit FmHA from making or guaranteeing loans which would be used to establish or operate a business which is primarily or solely engaged in the purchase/production of exotic birds or other non-farm enterprises.

However, if operators or owner operators of family-size farms want to supplement their current farm income they may be eligible to receive direct or guaranteed loans to establish and purchase/produce exotic birds as a non-farm enterprise. Direct and guaranteed loans must meet loan eligibility requirements and the conditions set forth in this AN. **Non-farm enterprise loans cannot be made for breeding purposes only.**

This AN may not be revised and reissued by State Directors without prior approval by the Assistant Administrator, Farmer Programs.

If you have any further questions, please contact Chuck Ropp in the Farmer Programs Loan Making Division at (202) 690-4017.

  
SHARRON S. LONGINO  
Acting Administrator

Sent by Electronic Mail on 9/28/93 at 11:38am by GSS. The State Directors should advise other personnel as appropriate.